

A  
BRIEF VIEW  
OF  
THE IMPORTANT RELATIONS  
OF THE  
MORRIS CANAL,  
WITH THE  
PROSPERITY  
OF  
THE CITY OF NEW-YORK.

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*To the Mayor and Corporation of the City of  
New-York, the following remarks are respect-  
fully submitted.*

GENTLEMEN—

You are the fathers of our city, and as such, deeply interested in the fate of the Morris Canal; it therefore cannot be deemed inappropriate to address you in favour of an institution intimately connected with the prosperity of the public, over whose destinies you preside.

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As a stockholder in the Morris Canal and Banking Company, I must naturally feel some anxiety for its success; it may, therefore, be esteemed a venial offence to state the inducements which gave rise to my investments, especially as there seems to exist a most extraordinary solicitude, on the part of the brokers and their associates, to destroy the confidence of the community in the prospects of a favourable resuscitation of its affairs. It is not, at the present moment, deemed advisable to call the public attention to the several matters in controversy between the purchasers and sellers of the Morris Canal stock, from an anxious desire to preserve unimpaired, if practicable, the usefulness of the brokers' board; without whose existence, I am well convinced, many valuable projects of internal improvements would never be matured. The period may, nevertheless, yet arrive, when the dishonourable conduct of some of its members may be exposed to well-merited contempt. In the mean time, it is much to be regretted, that

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the character of the whole board should stand impeached by the adoption of retrospective measures, tending to operate in direct violation of good faith. I shall, therefore, confine myself to the simple statement, that some of the brokers have honourable contracts in *abeyance*, while others have legal responsibilities, which they will find it difficult to evade through any ingenious artifice or discreditable system of procrastination. It will, therefore, remain to be seen, whether the vindictive hostility exhibited towards the Morris Canal, will eventuate in its abandonment, or in exposing an entire want of integrity in its opponents.

In the sequel of these reflections, I entertain no doubt that it will be made to appear, not only that the operations of the Morris Canal will prove highly interesting to the convenience of the inhabitants of the city of New-York, but of immense importance to our commerce, and what is of much more immediate solicitude to those who have embarked their fortunes in the enterprise, *a most valuable investment*.

It is somewhat remarkable, that those whose avocation it is to make money productive, and whose profits are in proportion to the *extension* of their credit, supposing their arrangements to be judicious, should adduce the indebtedness of the Morris Canal as an insuperable argument against its ultimate prosperity. To our national revolutionary debt we owed the introduction of foreign capital, which afforded the enterprise and intelligence of our citizens the means of extending the commerce of the country, and of advancing the common welfare. There is scarcely a successful merchant who does not trade far beyond his absolute capital; and are not the profits of all our monied institutions in the ratio of their indebtedness? The New-York Life and Trust Company owe, at the present time, more than \$5,000,000. and would quadruple the amount if it were not for legislative restrictions.

The importance of any broker's business must depend on his ability to command capital, whether borrowed or in pos-



session ; and so extraordinarily productive is this matter of credit, that the very indebtedness of the United States, as it introduced foreign facilities to our commerce, advanced the general prosperity of our country, while the advocates of ill faith predicted a national bankruptcy. Is it not, therefore, as in the instance of the Life and Trust Company, whose loans are four times the amount of their chartered capital, the only question at issue, the judicious employment of the borrowed money, that is to decide the value of any stock ? If, then, the Life and Trust Company invest \$5,000,000 at an average interest of 6 per cent., and allow 4 per cent. on their loans of \$4,000,000, there will remain a clear profit of \$140,000 on a capital of one million ; and to this species of operation the stock of this corporation is indebted for an advance of fifty per cent. If, then, it shall be made apparent, that the income of the Morris Canal will be sufficient to defray interest and expenses, and leave a surplus for the stockholders equal to the common value of money, its stock ought to be at par, and, consequently, at a proportionable advance in the ratio of any excess of revenue.

If it can be demonstrated from the business of the canal, notwithstanding its embarrassments during the last season, that a reasonable expectation may be entertained of a profitable remuneration on the capital which has been expended, when the entire resources of the canal shall be developed, no doubt can then be admitted, that the enterprise is worthy an experiment. As an historic fact, it may not be amiss to state, that the most discreet of our capitalists subscribed over a majority of the stock, when the books were first opened, *through the agency of Prime, Ward & Co.* ; but, unfortunately for the company, these applicants were rejected, the stock was apportioned to irresponsible persons, whose inability to meet their corporate responsibilities has since kept the canal in constant difficulty. If this respectable subscription was the result of

mature calculation, when the whole concern was in embryo, which may not be questioned, what doubt can then remain as to the probable repetition of a similar subscription, when an opportunity shall be offered, now that the most sanguine anticipations of the projectors of the canal have been more than realized, *the banking capital unimpaired*, the canal in full and successful operation, and ready to re-commence business in the ensuing month of March, under the most favourable auspices.

In order to restore confidence to this institution, it may not be inappropriate to present a brief statement of the affairs of such companies as are somewhat similarly circumstanced. For this purpose, a developement of the condition of the Schuylkill Navigation Company will most happily illustrate the future destinies of the Morris Canal. This is solely a navigation company, confined to receipts from tolls as the only source of revenue. The entire distance of the canal, from Port Carbon to Philadelphia, along the Schuylkill river, is 108 miles, costing, in the construction, \$3,048,963, obtained from the proceeds of the capital stock, \$1,652,600, and the residue, \$1,396,363, from loans, at an annual charge of \$66,566, about 5 per cent. interest; a small fraction less than what is ratably paid by the Morris company, \$60,900, on their gross indebtedness of \$1,140,000. In this position, the account is evidently in favour of the *distressed* Morris, whose canal, when completed to Jersey city, 102 miles, will, with the sum yet to be expended, \$130,000, not cost to exceed \$2,460,000, *possessing a much greater capacity for transportation* than the Schuylkill Canal, on which there has already been expended \$3,049,000. The debt, which has been held up, in terrorum, to destroy confidence in the Morris, does not exceed \$1,140,000, at an interest of \$60,900, while that of the Schuylkill is admitted by the official report of the directors to be \$1,396,400, and \$66,566 interest, making the indebtedness of the latter to exceed the Morris \$256,400, with an excess of in-

terest of \$5,600, to which may be added the still more important difference in the annual expenses, independent of interest, \$38,110, the current disbursement of the Morris being \$30,000, and of the Schuylkill \$68,110, creating in the two items an aggregate of \$43,661 in favour of the former, equal to three and a half per cent. on the stock capital appropriated to the canal, \$1,200,000.

Is it not also fairly to be inferred, from the able correspondence, officially conducted by Mr. Brooks with the respectable Dutch bankers, who loaned \$750,000, at 5 per cent., to the Morris Canal Company, in the extreme of its embarrassments, that rather than have their loans refunded, they would most willingly increase the amount, and submit, on an *extension of the period of redemption*, to a reduced rate of interest. In Holland, money is never worth more than 3 per cent., rarely commanding  $2\frac{1}{2}$  per cent.; and as loans to a canal company, in good credit, and flourishing condition, is intrinsically of more value than negotiations made on government securities, because less susceptible of variableness from political changes, they ought to be contracted on more liberal terms; therefore, any loans hereafter to be negotiated, should be effected at a reduced rate of interest. The Phoenix Bank has lent to the Ohio Trust Company \$200,000, at  $4\frac{1}{2}$  per cent., for 20 years, although it is merely in an embryo existence, scarcely organized; and recently one of our large capitalists took from the New-York Life and Trust Company, on similar terms, their bonds at 10 years, which, it is understood, were immediately disposed of in Europe at an advance of 12 per cent. The only important desideratum is to establish unquestionable credit; this being effected, the Morris Canal ought to borrow whatever monies it may require, at not to exceed 4 per cent., affording an additional 1 per cent. to the surplus revenue saved in the comparative advantages of the Morris over the Schuylkill Company, amounting, with the  $3\frac{1}{2}$  per cent. arising from the differences of interest on their respective indebtedness,

and the current expenses of each association, to an aggregate of  $4\frac{1}{2}$  per cent. This comparative estimate is made on a presumption that these canals yield a corresponding amount of tolls.

Previous to the discovery of the coal mines at Port Carbon, the stock of the Schuylkill was so perfectly a drug that timid capitalists would not take the stock as a gift, under the responsibility of paying subsequent instalments and necessary contributions; since which period, after allowing dividends, the stock cannot be obtained in quantity at 160 per cent. advance; not because, in the estimation of some persons, the present dividends justify such a price, but from a wise and intelligent anticipation of the approaching enormous profitableness of their business. The dividends are now 13 per cent. annually, equal to  $5\frac{1}{2}$  per cent. on \$3,700,000; the market value of the stock, \$50, selling for \$130, 160 per cent. advance, which would be 200, if it were not in contemplation to incur an additional expenditure to increase the capacity of the canal to meet the exigences of their coal trade.

In 1824, the tolls of the Schuylkill Canal were \$635, and in 1834, overran \$299,800. In 1825, the anthracite coal trade commenced with 6700 tons, and during the last season exceeded 226,600. The consumption of anthracite coal, for domestic purposes, has been ascertained, for the last three years, to advance on each successive year between 30 and 40 per cent. At the expiration of the present winter, the whole stock of coal now in market will have been consumed, making the consumption of the year, from the 1st of May, 1834, to the 1st of May, 1835, about 500,000 tons. That this amount must be immensely enlarged, especially as this coal is becoming in much more general use for manufacturing purposes, no intelligent man will deny; and that the supply, to answer the demand, must be essentially derived from the Lehigh and Schuylkill mines, is equally certain.



It then remains alone to be decided, the mines from which both companies derive their revenue being admitted to be inexhaustible, whether the Lehigh coal can be brought, under any circumstances, in competition with those of the Schuylkill, and if so, to what probable result. In the first place, from the experiments made in smelting iron, where intense heat is required, the Lehigh is found to be decidedly preferable, which, consequently, not only gives it an advantage as an economical fuel, but fixes its superiority for the uses of manufacturers. If, then, there exist a fractional less heat in the Schuylkill, it must be cheaper, pro rata, to consume the Lehigh coals at the same price. Will this position be doubted, if the premises are correct? It certainly cannot be. Still, there are those who can afford to burn the Schuylkill, preferring it on account of its greater flame and cheerfulness. This is my preference, while I am aware that the other is the most economical, possessing 94 parts of pure carbon.

It then being admitted, for the sake of argument, that the superiorities of the one are equally counterbalanced by those of the other, and that the general consumption would be in proportion to the respective quantities of each description in market, the next important consideration which presents itself, is the relative prices at which these coals can be afforded. In the summer of 1832, the price of Schuylkill, in Philadelphia, was between \$4 and \$4.50 per ton, a rate at which it could not be afforded, and in consequence several of the mines were abandoned, and the coal land essentially depreciated in value. Then, as it cannot be profitably disposed of in that market, for less than \$5.50, it must cost in New-York, independent of the loss of 10 per cent. for transshipment and breakage, \$6.50 to \$7, charging the usual freight of \$1 to \$1.50. In the commencement of this winter, Schuylkill coal sold for \$8 and now sells for \$9 per ton.

In referring to the report of the directors of the Lehigh

Company, it will be found that the *cost* of a ton of their coal in New-York, by the way of the Morris Canal, does not exceed  $\$3_{\frac{5}{10}}$  : mining 80 cents, transportation to Easton 25 cents, freight \$1, and \$1 for Morris tolls. The issue of a competition on such terms may easily be foreseen ; and the time will shortly arrive, unless the *cost* of Schuylkill coal be very materially reduced, when it may be almost a stranger north of the Delaware. It is also a remarkable fact, in proof of the excellence of the Lehigh coal, that it is decidedly preferred in Philadelphia for domestic uses. Like all those companies, the Lehigh has had to contend with its share of troubles ; but in common with the Schuylkill, it is now in better favour, and the stock sells, when offered, over 50 per cent advance. The Morris canal having opened a market, in which their coal must stand unrivalled, the anticipation of an immense increase of business, which cannot fail to be realized, has added vigour to their exertions, and preparations are making to mine to the full extent of their abilities. The Beaver Meadow miners have commenced operations a few miles west of the Lehigh, under the most promising circumstances. These coals will now be brought to New-York for our consumption, and in depot, at Jersey City, for transhipment to the east.

These are no flattering representations ; they cannot be detracted from ; the tonnage on the Morris canal during the approaching season, will equal the full means for transportation.

I now refer to the very candid and judicious report of the Morris Company directors, to estimate the probable ability of the boats to be employed on the canal.

The report of the Directors, after a very frank expression of the actual condition of the company, says : “ A better state of things may, however, be expected, since besides upwards of 200 effective boats now on the canal, and ready to begin with the opening of the next season, 100 more will be supplied from the contracts for building, which have been

made since the close of the last." And again, at page 11, it justly anticipates that "the period is not far distant when it will be required to employ as much tonnage as its capacity will allow, which, with its present supply of water, is estimated by Benjamin Wright, Esq., and other competent judges, to be six hundred and fifty boats. Experience proves that the employment of that number, with ordinary freights and the present weight of cargo, would, at the rate of \$400 per annum in tolls from each boat, amount to \$240,000 gross income; and if the progressing improvements on the planes succeed, it will be susceptible of an addition of fifty per cent. on that, or \$360,000 gross income, while its whole expenses will not exceed \$30,000."

The number of boats on hand, with those now under contract, will make an aggregate of 400. If then each boat gives \$400, the amount of toll on the whole must be gross \$160,000, equal to as many tons; but should the capacity of the machinery on the inclined planes be improved, as can be done in a very simple manner, at a very small expense, before the spring trade, the tonnage carried by the Morris boats will be increased, and those of the Lehigh and Beaver Meadow Companies may also be admitted. In which event, the full capacity of the canal may be brought into requisition.

Under these circumstances the amount of tonnage may exceed 400,000 tons, and that it will reach this amount, if not before, certainly as soon as the connexion between the Lehigh and Susquehannah is complete, a remaining distance of 20 miles; for the improvement of which, a charter has been obtained, giving to the Morris canal a direct communication with the fertile regions of western New-York.

It may not be amiss to state, in this place, some facts in relation to the coal trade of Great Britain, to show, that our expectations of a constant increase in the consumption of coal are not extravagant; for which purpose it may be sufficient to mention, that 20,000,000 tons of coals are mined

in that country annually, and 2,128,000 were consumed in London in 1833. The mines on the Ware and Tyne alone employ 75,000 persons.

In order to produce additional discredit to the operations of this institution, a writer in the morning papers, supposed to be an unfortunate operator, makes the disingenuous representation that, inasmuch as the cost of navigating the boats on the canal will amount to a certain hypothetical sum, the expenses of the company must exceed that stated by the report of the directors, \$30,000; while the author of the communication *cannot be ignorant*, from his relative station, of the manner in which those boats are navigated, and that they are chartered to contractors, who manage them at their private expense, on such terms as to refund the disbursements of the company in the construction of the boats, thus not only relieving the concern from the expense, but operating in the nature of a sinking fund. The company will possess the constant means of renewal, without additional expenditure of the canal funds. It would have been much more creditable to have complimented the sagacity of the directors on the judiciousness of their arrangement, than by a disingenuous effort attempt to detract from the merits of the company. It would have been equally justifiable to have charged the annual interest at double the amount paid, as to have exaggerated the current expenses in the same ratio. *Thus terminates a deliberate misrepresentation.*

In five years the supply of wood fuel in this city has absolutely diminished fifty per cent., while the price has increased about twenty-five per cent., and should any interruption take place in the coal trade, the inhabitants of this city would be reduced to the last extremity of distress; and notwithstanding this interesting relation between the supply and our wants, attempts are making to destroy the most valuable source of relief.

There is not an individual within the bounds of New-York who does not possess a direct interest in sustaining



the Morris Canal, as the principal and cheapest contributor of one of the most necessary articles of consumption, of which there are few more expensive.

As I could not feel indifferent to these reflections, I had no hesitation in embarking in the crusade, as it is styled, to restore the Morris Canal to all the usefulness to which it is justly entitled; and I entertain no difficulty in concluding that this stock will in time enjoy, at much higher prices, the honour to be noticed at the brokers' boards, and that many regrets will be entertained by those who have declined to participate in its official advantages. This company has been in great difficulties; it has had to contend against strong prejudices, bad management, and pecuniary embarrassments, with the powerfully hostile interests of the Schuylkill and Delaware and Hudson Canal Companies. At the present moment its banking and trust privileges, with its express powers to deal in exchanges, attracts the unwearying jealousy of the New-York banks; and as their directors exercise an influence over the operations of our insurance companies, it is made impossible to hypothecate the stock on any terms, and will so remain until those who lead the monied operations of the city shall possess themselves of a controlling influence in the stock.

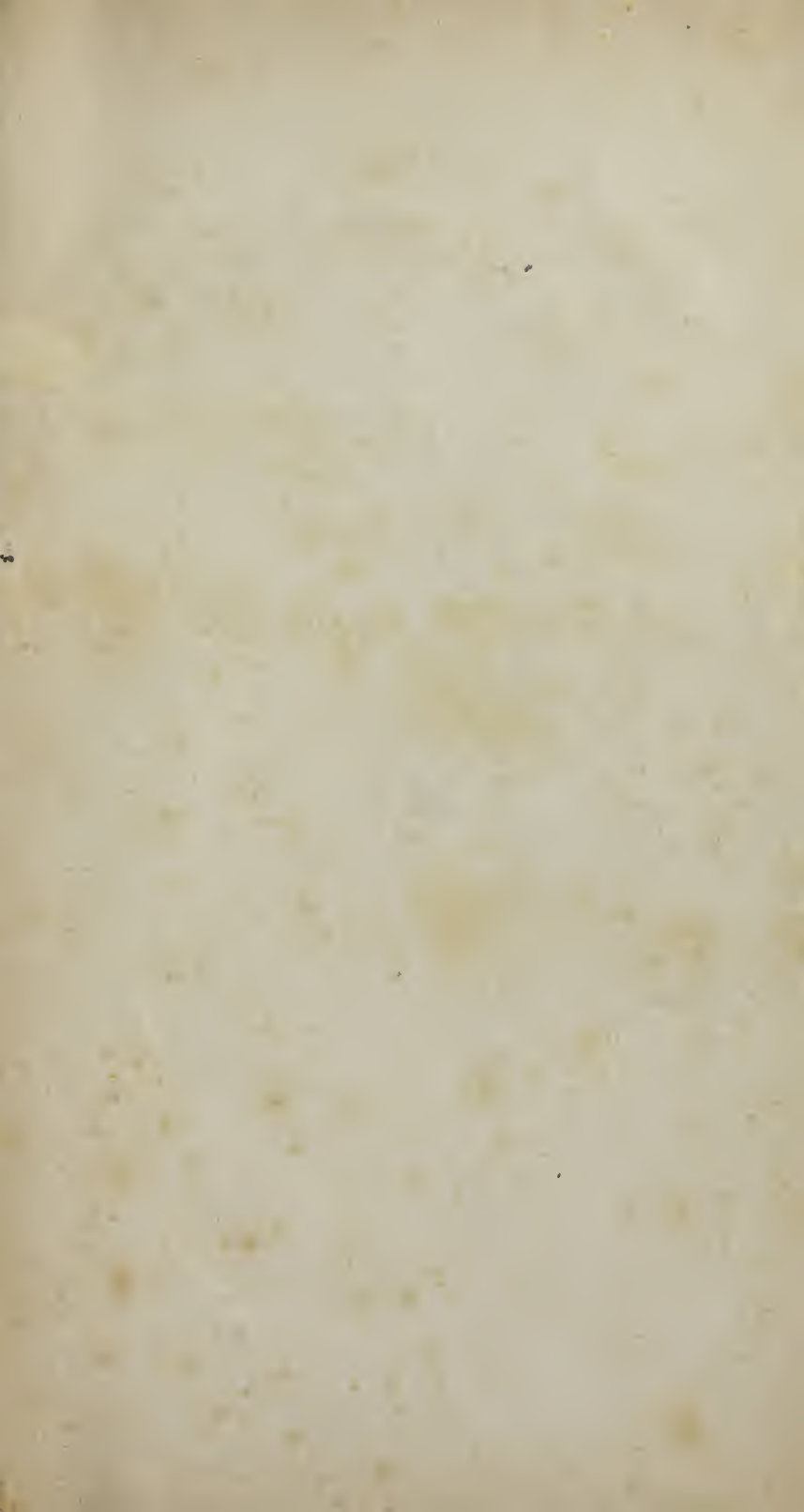
As capital is now seeking employment, soon will this bank and trust company be the subject of extravagant speculation. A prediction as certain to be verified as has been the anticipated rise in the stock.

In further contemplation of the anticipated advantages of the Morris Canal, and the accommodation to be afforded to this city, it is proper to refer to the fact, that a company has been chartered for the purpose of constructing a railroad from Beaver Meadow, the head of the navigable waters of the Lehigh, which is estimated to cost \$200,000, thereby opening a direct communication with the inexhaustible beds of bituminous coal, whereby the citizens of New-York

will be supplied with this invaluable fuel at 50 per cent. less than it can be *brought* from Europe.

Is this a matter of indifference to the public, and could the Common Council, satisfied of the validity of this statement, refuse, if their aid were required, to contribute their assistance? but, happily, this is not necessary.

A STOCKHOLDER.



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